

Policy Title: Conflict of Interest	Origination Date: 5/4/2011
Departments Affected: SHS Wide	Last Approval Date: 4/27/22
Approved By: SHS Compliance Committee/Board of Directors	

Purpose of Policy: To provide guidelines for the handling of actual or potential conflicts of interest which may exist with a “Covered Person” of Southwest Health System, Inc. and its subsidiaries (“SHS”). This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to not-for-profit and charitable organizations in general and not-for-profit hospitals and health care systems in particular.

Scope: Southwest Health System organization wide.

Definitions:

SHS	Southwest Health System, Inc.
Conflict of Interest	An actual, potential or perceived conflict of interest occurs in those circumstances where a colleague’s judgment could be affected because the colleague has a personal interest in the outcome of a decision over which the colleague has control or influence. A personal interest exists when a colleague or a member of his or her family stands to directly or indirectly gain as a result of a decision.
Covered Person	<ul style="list-style-type: none"> • SHS Board of Directors members, directors, and officers; • All providers; • Persons in positions of leadership and employees who evaluate, negotiate, enter into or have material involvement in or otherwise influence the evaluation, negotiation or execution of agreements concerning the selection, procurement or offering of products or services, fundraising activities, business transactions at SHS, or hold any other position of influence or trust within SHS; • Any person who holds any other position of influence or trust within SHS.
Family Member	A Covered Person’s family shall mean spouse or cohabitant partner, children and stepchildren and their cohabitant partner, parents or stepparents, including the Covered Person’s in-laws, siblings and their spouses and their cohabitant partner, grandchildren and their spouses and their cohabitant partners.
Financial Interest	<p>A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:</p> <ul style="list-style-type: none"> • An ownership or investment interest in any entity with which SHS has a transaction or arrangement, • A compensation arrangement with SHS or with any entity or individual with which SHS has a transaction or arrangement, or • A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SHS is negotiating a transaction or arrangement.
Compensation	Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. It does not include stocks, bonds, and other securities sold on a national exchange; mutual funds; or certificates of deposits and other depository accounts at financial institutions.

AUTHORITY: The Board of Directors of SHS adopts this Conflict of Interest Policy for the purpose of identifying and ethically resolving conflicts of interest on the part of individuals affiliated with it. Identification and resolution of conflicts of interest which may exist on the part of Covered Persons is required by standards promulgated by accrediting bodies, the Internal Revenue Code and Treasury Regulations governing tax-exempt organizations, requirements placed upon

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providers by Medicare and Medicaid program regulations, and state law applicable to nonprofit corporations. This policy is adopted to meet these requirements, and as a matter of ethics and sound management practice.

1. POLICY:

- a. A Covered person has a duty to disclose the existence of a financial interest and to disclose all material facts to the Compliance Committee.
- b. The adoption and implementation of, and compliance with, this Policy shall be overseen by the Compliance Committee. The Compliance Committee may, in its discretion, authorize certain functions relating to the implementation of, and compliance with, this Policy to one or more SHS employees, but shall retain overall responsibility for oversight of this Policy.

2. PROCEDURES FOR ADDRESSING POTENTIAL AND ACTUAL CONFLICTS OF INTEREST:

- a. A Covered Person must complete an Annual Conflict of Interest Disclosure Statement and submit it to the Compliance Officer. All completed Disclosure Statements and all other disclosures of conflicts of interest that raise an actual or potential conflict of interest, or that create the appearance of an actual or potential conflict of interest, will be reviewed by the Compliance Committee.
- b. A Covered Person has a duty to disclose a Conflict of Interest, a potential conflict of interest, or an appearance of Conflict of Interest as it becomes known to the Covered Person. The Covered Person should not wait until the Annual Conflict of Interest Statement is scheduled.
- c. In evaluating a potential Conflict of Interest, the Compliance Committee will consider whether the relationship at issue is in the best interests of SHS, is fair and reasonable to SHS, and is advantageous to SHS.
- d. The Compliance Committee shall decide by vote if a Conflict of Interest exists. If the Compliance Committee determines a Conflict of Interest exists, it will present its finding to the SHS Board of Directors to make a final decision approving or disapproving the proposed transaction or arrangement. The Compliance Committee and the SHS Board of Directors will evaluate the following information when deliberating its final decision:
 - i. Alternatives to the proposed transaction or arrangement.
 - ii. Can SHS obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - iii. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, a vote of disinterested members and directors shall decide whether the transaction or arrangement is in SHS's best interest and for its own benefit and whether the transaction is fair and reasonable to SHS. It shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination; and
 - iv. Whether a conflicts management plan needs to be implemented with the purpose of preventing decision-making related to the proposed transaction or arrangement from being influenced by a Conflict of Interest.

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- e. If applicable, the Covered Person shall not participate in the deliberation of the Compliance Committee or any votes related to the matter. Covered Persons who wish to proceed with a proposed relationship may be asked by the Compliance Committee to produce evidence for the Committee's consideration, including but not limited to appraisals and independent valuations of fair market value of the relationship, information regarding comparable transactions or relationships with other parties, offers from comparable competing entities, and/or studies of comparable. A Covered Person may make a presentation and answer questions posed at the SHS Board of Directors or Compliance Committee meeting
 - f. If a Covered Person who is a member of the SHS Board of Directors or the Compliance Committee has a Conflict of Interest with respect to a proposed contract, transaction, relationship, arrangement or activity, he/she must not be present during any meeting in which the applicable Committee conducts its evaluation, except to answer questions of the Committee and to provide information the Committee needs for its deliberations. Such Covered Person will in no event be present during the deliberations and vote of the SHS Board of Directors or Compliance Committee. Such Covered Person shall not attempt to exert his/her personal influence with respect to the matter, either at or outside the meeting.
 - g. The SHS Board of Directors or Compliance Committee shall, if appropriate, appoint a disinterested person or committee to investigate the potential conflict of interest and alternatives to the applicable transaction or arrangement or other resolution of a potential conflict of interest.
 - h. SHS's Compliance Committee is responsible for ensuring those conducting auditing and monitoring reviews of internal controls are free from any conflicts of interest or other influences that would impair their ability to objectively carry out their work without bias.
 - i. If the Compliance Committee or the SHS Board of Directors has reasonable cause to believe a Covered Person has failed to disclose actual or possible conflicts of interest, the Covered Person will be informed of the basis for such belief and afforded an opportunity to explain the alleged failure to disclose.
 - j. The Compliance Committee will evaluate and decide whether a conflict of interest exists or may exist, and what course any or all of SHS will take in connection with the matter before it. The Compliance Committee will take their finding and present it to the SHS Board of Directors who will make a final and binding determination
 - k. If after hearing, a Covered Person's response and after making further investigation as warranted by the circumstances, it is determined that there was an intentional failure to disclose, there will be appropriate disciplinary and corrective action, which could include, without limitation, termination of the person's membership, employment or contract.
3. RECORDS WITH RESPECT TO CONFLICT OF INTEREST EVALUATIONS: Minutes of the SHS Board of Directors and the Compliance Committee shall contain:
- a. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was or is present, and the SHS Board of Directors and Compliance Committee decision as to whether a conflict of interest in fact existed or exists.
 - b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

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- c. Records of employee conflict of interest will be maintained according to the Compliance Program records management policy.
4. INDEPENDENCE OF AUDITORS: The SHS Board of Directors will review the independence of any auditors engaged by SHS and the scope of services provided by them on behalf of SHS.
5. CONFIDENTIALITY: All information disclosed by Covered Persons during the disclosure and review process described herein will be confidential, except as necessary to implement this Policy or as otherwise required by law. Each Covered Person shall exercise care not to disclose confidential information acquired in connection with his or her status as a Covered Person or information the disclosure of which might be adverse to the interests of SHS. Furthermore, a Covered Person shall not disclose or use information relating to the business of SHS for personal profit or advantage of the Covered Person or a Family Member.
6. PERIODIC REVIEWS: To ensure that SHS operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. Periodic reviews will, at a minimum, include the following subjects:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
 - b. Whether acquisitions of physician practice and other provider services result in inurement or impermissible private benefit.
 - c. Whether partnerships, joint ventures, and arrangements with management organizations conform to SHS's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
 - d. Whether agreements to provide health care and agreements with other health care providers, employees, and third-party payors further the SHS's charitable purposes and do not result in inurement or impermissible private benefit.
7. ENFORCEMENT: The Compliance Officer will ensure all Covered Persons file Annual Disclosure Statements in accordance with this Policy. If any Covered Person fails to comply with this Policy, the Compliance Officer will report such information to the Chief Executive Officer of SHS, who shall make appropriate findings and recommend corrective action, subject at all times to the oversight of the Compliance Committee, and the SHS Board of Director.
8. Non-Compliance with Policy: Any violation of this or any other referenced policy shall result in disciplinary action up to and including termination.
9. **References: (1)** IRS Form 1023-Application for Recognition of Exemption Under §501(c)(3) of the Internal Revenue Code; **(2)** OIG Compliance Program Guidance for Hospitals published by the Office of Inspector General; "Corporate Responsibility and Corporate Compliance: A Resource for Health Care Boards of Directors," published by the OIG, in conjunction with the American Health Lawyers Association.

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10. Revision Description:

Review Date	Revised? Yes or No	Revision #	Description of Change	By:
3/30/2022	Yes	3	Reformat; Revised language to reflect industry guidelines	Polly Bolton Compliance Officer
12/5/2018	Yes	2	Renumbered / Revised per industry standard / Revised per CHC guidelines	Travis Parker, CHRO/Compliance Off
5/4/2011	No	1	Original	Jessie Pickens, Director, Compliance & Risk

11. Keyword Search: Conflict of Interest